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Bonn Coal Duty to Hit U.S. Exports

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Bonn, Germany

West Germany's Bundestag (lower house) has approved a government proposal to impose a heavy duty on imported coal in an effort to avoid serious unemployment in the Ruhr mines.

Today there are 15,000,000 tons of unsold coal stacked in the Ruhr. The government wants at least to prevent this amount from increasing by imposing a tariff of 20 marks (\$4.76) on imports from countries outside the European Economic Community (common market). This step should be effective as of Feb. 16. Any decision of the Bundesrat (upper house) Feb. 6 would not prevent its operating, but it may be that protests, especially from the United States, the country most affected, may lead to new negotiations.

Since the first announcement of the government plans, the total amount of duty-free imported coal increased from 4,500,000 to 5,000,000 tons, of which the United States was allowed to send here without tariff 4,420,000 tons. Poland, Britain, etc., were allowed to ship proportionately very much less.

Washington Protests

Only Jan. 30 was it publicly known here that the United States had sent a protest note Jan. 27 (described here as a complaint) and Jan. 29 a demarche requested that the coal tariff enforcement order be postponed for 60 days. Dr. Ludger Westrick, right-hand man of Economics Minister Prof. Lud-

wig Erhard, will soon be traveling to Washington to negotiate further on issue.

All political parties are unhappy over the situation which has arisen. None of them want to accept responsibility for either the unemployment which might result from rejection of the tariff or for increases in electricity, gas, and other prices expected in due course to follow the anticipated coal costs.

The vast majority in Chancellor Konrad Adenauer's Christian Democratic Union approved, except most of those from the north German constituencies which will be adversely affected by the tariff. In the Bavarian branch of the government coalition there were many abstentions—and for the same reason. As for the Social Democrats, they were left to free vote, which resulted in about half for (including deputies from the Ruhr) and half against introducing tariff.

Charges Rejected

Anybody expecting a heated debate was disappointed. In the poorly attended Bundestag session, Professor Erhard rejected opposition charges that the government had failed to take all possible measures in time so as to avoid the crisis. Dr. Heinrich Deist, Social Democratic economic expert, demanded that the crisis be resolved by introducing a five-day working week for miners (at present pay) as well as an investment program and central control of coal imports. A five-day week, according to Dr. Deist, would cost an extra 500,000,000 to 600,000,000

marks and he suggested that the poorer mines be compensated from public funds to the extent of 300,000,000 marks.

It was significant that not only the opposition but also experts on the government side said that long-term structural changes in the coal industry must be planned.

While government and coal owners maintain that the coal tariff will not lead to increased prices at the home market, many politicians and economic experts (of different socio-political outlook) foresee a 5 per cent increase in coal prices during the coming months. This naturally would react upon other prices too so that the consumers will soon be footing the bill.

Tack Criticized

The situation in the coal industry is not a happy one. Critics declare that the trend is from de-liberalization to cartels to tariffs. And what has happened to coal already is leading to demands for protective tariffs from other branches of industry. But the Bonn government, whatever its own desires, is restricted in this matter by commitments already made in international treaties through the General Agreement on Trade and Tariffs, etc.

Professor Erhard's status as economic protagonist of the "Soziale Marktwirtschaft," which combines competition with social safeguards, has received a severe blow by the coal tariff. And if prices increase, his prestige as a politician also will suffer among the population—whether he is responsible or not.